

4 NOV 1974

MEMORANDUM FOR: Director of Communications  
Director of Finance  
Director of Joint Computer Support  
Director of Logistics  
Director of Medical Services  
Director of Personnel  
Director of Security  
Director of Training

SUBJECT : Reduction of Daily Operating Costs

1. In the Director's August Financial Guidance memorandum, this Directorate was given the task of instituting a multi-faceted program to help fight inflation and reduce daily operating costs within the DD/A and also on an Agency-wide basis. While the "double digit" inflation rate which has plagued us this year is expected to slow some in 1975, prices are still expected to rise at a high rate -- we will continue to pay more just to maintain the status quo.

2. In the last year we have taken several steps to reduce costs while at the same time maintaining acceptable levels of service in the Agency. Some of these reductions have come about as a result of GSA campaigns; others we have instituted on our own. They include a reduction of resource related items (less heat and air conditioning, encouraging carpools), a campaign to conserve paper (Freddie Frugal), displays and posters identifying supply item costs, and elimination of items of supply which had slow-moving volume, had cheaper substitutes, or could be limited in colors and style to reduce usage (yellow unlined pads at \$1.17 ea versus white unlined pads at \$.25 ea., for example). Future plans include testing of a plastic envelope which can be reused 15-25 times and establishment of stricter criteria for approval of copying machines.

3. What is needed now is a re-examination of our efforts to determine if we have truly covered all the bases. I believe there is the potential for real additional savings. What is needed first and foremost is encouragement and participation on the part of each

and every manager. How else are employees supposed to get the message that we are involved in more than paying lip service to this task? As a beginning, I am suggesting that we re-examine our management practices to encourage, by direction and example, changes in day-to-day activity which will lead to operating savings. Some items which come to mind immediately are:

- a. use speed letters for intra-office correspondence;
- ~~\*~~ b. encourage and accept pen and ink changes for minor errors on correspondence;
- c. limit attachments on multi-addressee correspondence to only those who need the attachment;
- d. identify and take steps to stop receipt of excess copies of correspondence and reports;
- e. substitute cross reference log sheets in subject files in lieu of creating and filing extra copies of correspondence and reports;
- f. require more quantitative comments about cost consciousness on fitness reports to emphasize management concern;
- g. arrange for periodic briefings at staff meetings by members of ISAS and the Office of Logistics on high-cost supplies and services and alternatives available.

~~\*~~ 4. If we are to reduce operating costs, it is essential that it be dealt with as a command responsibility. I believe that there are many areas of potential day-to-day savings other than those I have suggested above. Each component should develop an operating cost savings program and monitor the results. To evaluate the effectiveness of our efforts, each Office should be prepared to report on its program at the January financial meeting and periodically thereafter.

/s/John E. Blake

John F. Blake  
Deputy Director  
for  
Administration

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